

AMENDED IN ASSEMBLY APRIL 10, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1616**

**Introduced by Assembly Member Montanez**

February 21, 2003

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An act to add Division 10 (commencing with Section 7920) to Title 1 of the Government Code, relating to intellectual property.

LEGISLATIVE COUNSEL'S DIGEST

AB 1616, as amended, Montanez. Intellectual property rights.

Existing law provides generally for the registration and protection of trademarks, and prescribes requirements relating to protection of intellectual property applicable to specific state agency activities.

This bill would enact the California Intellectual Property Rights Act, which would generally provide that state-owned intellectual property, except as specified, is dedicated to the public domain. The bill would prescribe requirements applicable to state contracts and would prescribe the rights to and use of income derived from the licensing of inventions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 10 (commencing with Section 7920) is  
2 added to Title 1 of the Government Code, to read:  
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DIVISION 10. CALIFORNIA INTELLECTUAL  
PROPERTY RIGHTS ACT

7920. This division shall be known and may be cited as the California Intellectual Property Rights Act. ~~Notwithstanding~~ *Except as otherwise provided in this division and notwithstanding* any other provision of state law to the contrary, this division shall govern the ownership, protection, exploitation, and public dedication of all state-owned intellectual property rights.

7921. As used in this division, the following words and phrases shall have the following meaning:

(a) “Copyrights” means those rights that are protected by United States copyright law (17 U.S.C. Sec. 101, et seq.).

(b) “Patentable inventions” are inventions that fall within the scope of patentable subject matter under the laws of the United States but that are not yet the subject of an issued patent. ~~Patentable inventions shall be treated as trade secrets until they are publicly disclosed in an issued patent, in a publicly available patent application, or after a year following public use or sale, whichever is earlier.~~

(c) “Patented inventions” means those rights reflected in subsisting patents issued by any government, including the United States.

(d) “Practical application” is as defined in Section 201(f) of Title 35 of the United States Code.

(e) “State-owned intellectual property” means any and all intellectual property that is owned in whole or in part by the state, including all trademarks and service marks, collective marks and certification marks, all copyrights, all trade secrets, all patentable inventions, and all patented inventions.

(f) “Trade secrets” means information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(g) “Trademarks,” “service marks,” “collective marks,” and “certification marks” mean those rights as defined by Section 1127 of Title 15 of the United States Code or ~~comparable~~

~~provisions of state law. Chapter 2 (commencing with Section 14200) of Division 6 of the Business and Professions Code~~

7922. It is the general policy of this state to encourage innovation in the sciences, creativity in the arts, and free and open government. In recognition of this policy, and except as set forth in this division or as required by federal law, no agency of this state shall have the right to protect, assert, or exploit state-owned trade secrets, patentable inventions or patented inventions and all copyrights in works made for hire by state employees or contractors are hereby dedicated to the public domain. All agencies of the state are authorized to adopt trademarks, service marks, collective marks, and certification marks (hereinafter referred to collectively as “trademarks”) and, at their discretion, may register and protect those trademarks so long as they abide by applicable law.

7923. The following entities of the state are exempt from this division and may develop, *implement, and enforce* their own intellectual property policies:

- (a) The University of California.
- (b) The California State University.
- (c) The California community colleges.

7924. Notwithstanding the general policy of this state as ~~reflected in Section 7922, the copyrights in the following works of authorship are not dedicated to the public domain:~~

~~(a) Copyrights that were assigned to the state by gift, bequest, or purchase, unless subsequently dedicated to the public domain by statute.~~

~~(b) State-owned copyrights in computer software and computer programs that were created for the state pursuant to a government contract, unless and to the extent the government contract provides otherwise. reflected in Section 7922, intellectual property rights in the following are not dedicated to the public domain unless made subject to a specific statute to that effect:~~

~~(a) Copyrights and patent rights that were assigned to the state by gift, bequest, or purchase.~~

~~(b) State-owned copyrights, trade secrets, patentable inventions, and patented inventions in computer software and computer programs.~~

~~(c) State-owned copyrights in works of art that were commissioned through an “art-in-public-places” project.~~

(d) State-owned copyrights *and trade secrets* in tests and answers to tests that were created by or for the state.

7925. Notwithstanding the general policy of this state as reflected in Section 7922, all agreements whereby this state contracts for goods or services and that are likely to result in the development of trade secrets and patentable inventions or the creation of works of authorship shall contain a provision that specifically deals with the ownership *and use* of those intellectual property rights. The precise terms of this provision shall be negotiable depending upon the circumstances and shall be a factor to be considered in any applicable public bidding process, but, at a minimum, should provide this state with a nonexclusive, perpetual, royalty free right and license to use any and all resulting trade secrets, patentable inventions, and patented inventions and ~~to reproduce and distribute any and all resulting works of authorship and create derivative works therefrom. To the extent that any state entity contracts for the ownership of those rights in a public contract, it may act to protect, assert, exploit, or publicly dedicate those rights as it sees fit.~~

~~7926. All entities of the state that are authorized to protect and exploit patentable and patented inventions shall comply with any, with respect to any and all resulting works of authorship, to exercise all rights allowed under the United States Copyright Act, including all rights specified in Section 106 of Title 17 of the United States Code.~~

7926. All entities of the state that are not exempted from this division and that are authorized under this division to protect, assert, and exploit trademarks, works of authorship, trade secrets, patentable inventions, or patented inventions shall comply with any and all applicable federal law. To the extent that those entities elect to pursue patent protection for their inventions, they shall take steps, including the possible licensing of their inventions, to achieve the practical application of those inventions as soon as possible. All income derived from the licensing of those ~~inventions~~ *state-owned inventions or works of authorship* (after paying applicable royalties to inventors and patent prosecution and maintenance costs) shall be credited to a special account in the General Fund for the agency and shall be used for further research and development purposes.

1 7927. Any and all rights in any and all inventions conceived  
2 of, developed, or reduced to practice by employees of this state are  
3 owned by this state and shall be formally assigned to the state when  
4 requested. This section does not apply to an invention that the  
5 employee developed entirely on his or her own time without using  
6 any of the state's equipment, supplies, facilities, or trade secret  
7 information except for those inventions that either (1) relate at the  
8 time of conception or reduction to practice of the invention to the  
9 employee's work for the state, or (2) result from any work  
10 performed by the employee for the state.

11 7928. All litigation to enforce the intellectual property rights  
12 of the state shall be handled by the Attorney General unless a  
13 conflict of interest exists.

14 7929. Nothing in the California Public Records Act (Chapter  
15 3.5 (commencing with Section 6250) of Division 7) shall preclude  
16 the state or any of its agencies from obtaining and enforcing, in  
17 accordance with this division (1) trademark or copyright  
18 protection for any public record, except that this authorization  
19 shall not restrict public access to or fair use of copyrighted  
20 materials and shall not apply to writings which are merely lists or  
21 other compilations; or (2) patent or trade secret protection in  
22 accordance with this division, and the state and its agencies may  
23 deny public access to information concerning state-owned trade  
24 secrets and patentable inventions for the period of time, not to  
25 exceed six months, necessary for the state to consider and apply for  
26 any applicable patents.

